

Internal Audit Transformation

Your Challenges

The accelerating pace of change for companies – resulting from technology innovation, industry regulations, emerging competition, or shifts in markets – often creates or widens gaps between what the internal audit (IA) function delivers and what its stakeholders expect.

Furthermore, the expectations for IA are continually expanding, exposing internal auditors to mounting pressure to provide additional value to the organization. In this context, auditors face several challenges. Not only must IA create value by providing assurance, it must also be able to measure and communicate it to its stakeholders. As part of reinforcing IA relevance, auditors are often requested to demonstrate that audit plans and performance metrics are aligned and integrated with the business strategy and the initiatives of the organization.

IA must develop and maintain its operational agility. The function must rise to the challenge of keeping up with a dynamic and ever-changing business environment that creates new risks and increases exposure to existing risks. IA today is experiencing an intensifying “war for talent.” Recruiting and retaining the type of talent needed to close the gaps in audit coverage and to meet new IA requirements is and will remain a top challenge for IA teams since the demand far exceeds the supply.

Questions for Business Leaders

- Are the risks of greatest concern to the company’s board and audit committee covered in the audit plan?
- Does internal audit (IA) have the resources, expertise, and authority to address those risks?
- Is IA performance appropriately and efficiently measured?
- Does the IA function provide reasonable assurance on emerging markets?
- Is the value of IA internally recognized?

Insights

Crowe Risk Consulting professionals, through extensive experience and deep industry knowledge, have determined that the gap between what the audit committee expects from its IA function and what the function actually delivers can often fall short in the following areas:

- Geographical scope
- Product, resource, or functional expertise
- Cultural barriers and local knowledge
- Coverage or capacity
- Team mix (seniority)
- Communication and reporting
- Coordination and integration with other “assurance” functions
- Information systems
- IA’s objectives and productivity

What We Believe

Each transformation project has different components directly linked to the IA function – to its particular challenges and strengths. However, the following key topics are reviewed in all projects, and often become components of the transformation.

Global Reach

IA should have a centralized core to maintain consistent quality globally. However, IA may decide to create regional centers that allow the organization to grasp its local risks more efficiently. To benefit from regional insights, the IA function should integrate the geographic dimension into its teams, structure, and scope.

CAE Communication Matrix



Deep Expertise and Experience

IA teams should establish plans to develop and maintain the right level of expertise – particularly forensics, systems, assurance, and industry expertise. Similarly, they also should offer the appropriate level of experience, taking advantage of seasoned auditors who can bring practical business experience. Developing an appropriate mix of generalists, experts, and senior-level specialists requires careful thought and planning for effectively meeting challenges across a wide range of engagements.

Agile Approach

IA methodology and its underlying information systems and data mining capabilities must be continually reviewed and adapted to a changing environment to effectively meet stakeholder expectations and demonstrate value.

Effective Communication

A formal approach to communicating (360 degrees, or “up, in, out”) enables IA teams to develop customized communication content and to deliver the right message to the right people at the right time.



Learn More

Jerome Soual
+33 1 73 25 73 22
jerome.soual@crowehorwath.com

Bill Watts
+1 614 280 5227
william.watts@crowehorwath.com

How You Benefit

We help global organizations with the following solutions.

Internal Audit Diagnosis

Crowe Horwath helps organizations:

- Collect, review, and address stakeholders' expectations
- Assess past internal audit activity
- Assess company risks
- Benchmark against market practices

Internal Audit Transformation

Crowe works with organizations to:

- Assist the chief audit executive in proposing a target to the board of directors and/or the audit committee
- Design an overall transformation plan based on key components
- Develop the transformation plan into individual projects
- Develop a change management and communication ("up, in, out") plan to support the transformation
- Design the approach and increase capabilities
- Set up the appropriate project governance to allow monitoring, accountability, and ultimately deliver the transformation
- Externally evaluate the effectiveness of the transformation (interim and final assessment)

About Crowe Risk Consulting

- More than 1,000 risk consultants throughout the world, with a single management team
- Part of the Crowe Horwath International network of 31,000 professionals
- Eighth-largest global network – World Survey 2017, International Accounting Bulletin (IAB)

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